

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF TEXAS  
CORPUS CHRISTI DIVISION

In re:	§	
	§	
LA BOTA DEVELOPMENT	§	Case No. 10-20376
COMPANY, INC. and	§	
	§	
LAREDO ROCK TECH SAND &	§	Case No. 10-20377
GRAVEL, LP	§	
	§	
Debtors.	§	Jointly Administered Under
	§	Case No. 10-20376

SUPPLEMENT AND AMENDMENT TO  
DISCLOSURE STATEMENT UNDER 11 U.S.C. § 1125  
IN SUPPORT OF JOINT PLAN OF REORGANIZATION  
OF LA BOTA DEVELOPMENT COMPANY, INC.  
AND LAREDO ROCK TECH SAND & GRAVEL, LP

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La Bota Development Company, Inc. (“*La Bota*”) and Laredo Rock Tech Sand & Gravel, LP (“*Rock Tech*”) (collectively, the “*Debtors*”) file this Supplement and Amendment to their Disclosure Statement, (the “*Disclosure Statement*”), pursuant to 11 U.S.C. § 1125 in Support of the Joint Plan of Reorganization proposed by Debtors.

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**COUNSEL FOR DEBTORS**

The Debtors submit this Supplement and Amendment to their previously filed Disclosure Statement under Section 1125 of the Bankruptcy Code and Bankruptcy Rule 3016 (the “Supplement”) to all of the Debtors’ known Creditors. **The purpose of this Supplement is to provide additional, updated, or different information than that provided in the Disclosure Statement.** Unless this Supplement directly changes or supplements a paragraph or section of the Disclosure Statement, the information in the Disclosure Statement remains as originally written and filed with the Court.

## **ARTICLE IX – SUMMARY OF THE JOINT PLAN**

**Article IX of the Disclosure Statement is hereby supplemented and amended to read as follows:**

### **TREATMENT OF CLAIMS UNIMPAIRED UNDER THE FIRST AMENDED JOINT PLAN**

The following classes are not impaired under the First Amended Joint Plan:

- i. Class 1, La Bota’s Administrative Claims;
- ii. Class 2, Rock Tech’s Administrative Claims; and
- iii. Class 8, La Bota’s Secured Claim of Integrated Vehicle Leasing.

All other creditors and claimants are impaired.

A. Class 1 – La Bota’s Administrative Claims. La Bota Administrative Claims are to be paid in Cash, in full, up to the amount of the Allowed Claim, on the Effective Date, after the Claim becomes an Allowed Claim, but in no event sooner than the time that the Confirmation Order becomes a Final Order or fourteen (14) days after the date of a Final Order determining the amount of each Claim for Administrative Expense, whichever is later, or on such terms as may be agreed between La Bota and holders of such claims.

B. Class 2 – Rock Tech’s Administrative Claims. Rock Tech Administrative Claims are to be paid in Cash, in full, up to the amount of the Allowed Claim, on the Effective Date, after the Claim becomes an Allowed Claim, but in no event sooner than the time that the

Confirmation Order becomes a Final Order or fourteen (14) days after the date of a Final Order determining the amount of each Claim for Administrative Expense, whichever is later, or on such terms as may be agreed between Rock Tech and holders of such claims.

C. Class 8 – Secured Claim of Integrated Vehicle Leasing against La Bota. IVL, the only holder of a Class 8 claim, shall be paid according to the terms between the Debtor and IVL. As of the Petition Date, Class 8 claims totaled \$8,085.12. The Debtor shall resume monthly payments in the amount of \$1,347.52, until February 2011 when the agreement will be 100% fulfilled.

Because the holders of Class 1, 2 and 8 Claims are unimpaired, they are not entitled to vote.

#### **TREATMENT OF CLAIMS IMPAIRED UNDER THE FIRST AMENDED JOINT PLAN**

A. Class 3 – La Bota's Priority Tax Claims. Class 3 shall consist of the Allowed Tax Claims against La Bota of any person or entity entitled thereto under § 507(a)(8) of the Code. Allowed Claims of taxing authorities will be paid with deferred Cash payments, bearing interest at twelve percent (12%) annual interest, over a period not exceeding fifty-five (55) months after the date of assessment of such claim, of a value, as of the Effective Date, equal to the allowed amount of such claim as permitted by Bankruptcy Code § 1129(a)(9)(c), to commence thirty days after the Effective Date. Presently \$72,078.55 in proof of claims asserting tax claims have been filed against La Bota; however, it appears that this figure includes both 2009 and 2010 taxes. On its Schedules, La Bota listed its priority tax liability as \$28,706.81 for 2009. Class 3 is impaired. Taxes will be apportioned between the Debtors and BMW as of the date of the transfers described in the treatment of Class 4.

B. Class 4 – Secured Claim of Bank Midwest, N.A. against La Bota. Class 4 shall consist of the Allowed Secured Claim of BMW on the Land Loans, but only to the extent the claim has been allowed pursuant to § 502 of the Bankruptcy Code and to the extent of the value of the security as determined in accordance with § 506 of the Bankruptcy Code. The Land Loans are described in the Schedules filed by La Bota and reflect an amount owing of \$10,886,303.00. The Commercial Guaranty is described in the Schedules filed by La Bota in the amount of \$502,492.57. Pursuant to its Schedules, La Bota is indebted to BMW for approximately \$10,886,303.00 on the Land Loans. BMW filed three proof of claims with respect to the Land Loans claiming La Bota's indebtedness is \$11,083,750.62. BMW filed two proof of claims with respect to the Equipment Loans and on the Working Capital Loan claiming Rock Tech's total indebtedness is \$1,462,217.14. Based on BMW's proof of claims, the indebtedness owed by both La Bota and Rock Tech to BMW is \$12,545,967.76 in total. The indebtedness guaranteed by the Commercial Guaranty is addressed in Class 5 below. La Bota believes that BMW is oversecured based upon the appraised value of the Debtor's assets upon which BMW asserts a lien.

In full and complete satisfaction of all outstanding indebtedness owed to BMW by either Debtor, or any guarantors of such indebtedness, including mutual releases and release of all liens, La Bota will conduct an auction within 30 days after the Effective Date (the "Auction"). The auction will be conducted at the offices of Hughes Watters Askanase, LLP at the address set forth below. At the Auction, BMW will be the stalking horse bidder and will be permitted to credit bid up to its allowed secured claim amount. However, BMW will not be required to credit bid the full amount of its allowed secured claim.

All of the property listed below (as defined in the First Amended Joint Plan) will be included in a single lot at the Auction. The properties will not be auctioned piecemeal, but will remain a single lot. At the Auction, there will be an initial bid and bid increments.

1. Tract B;
2. Tract H;
3. Tract F;
4. 45 Single Family Lots
5. 79 Acre Tract; and
6. 145 Acre Tract.

**All indebtedness owed by La Bota and Rock Tech to BMW shall be fully and finally satisfied, including all liability owed by any guarantors on the Debtors' indebtedness. BMW shall have no right or ability to pursue claims related to or arising from the satisfied indebtedness against La Bota or Rock Tech. Further, given the full and complete satisfaction of the indebtedness through the conveyance of the above-listed real property, BMW shall be barred from pursuing any claims related to or arising from either the La Bota or Rock Tech satisfied indebtedness, including but not limited to any related personal guaranties.**

**Moreover, BMW shall release any and all liens on all real and personal property, including, but not limited to Tract C, Tract SG, a house owned by two of the guarantors (the Debtors dispute that BMW holds a lien on the house), the remainder of the 529 Acre Tract (less the 79 Acre Tract and the 145 Acre Tract), and the remaining Single Family Lots (less the 45 Single Family Lots).**

**The Auction will result in one of two outcomes. BMW will be the highest bidder at the Auction, and therefore will be sold all of the above-described property, free and clear of all liens, claims, interest and encumbrances in full satisfaction of all indebtedness owed by the Debtors and the guarantors to BMW, and BMW will release and will no longer hold any liens on any collateral. Alternatively, BMW will not be the highest bidder and BMW shall receive all of the proceeds from the Auction in full satisfaction of all indebtedness owed by the Debtors and the guarantors to BMW, and BMW will release any liens on any collateral.**

**Pursuant to the Debtor's appraisals, the total value of the real property to be auctioned is \$17,355,708.57. Pursuant to BMW's appraisals, the total value of the real property to be auctioned in full and complete satisfaction of the La Bota and Rock Tech indebtedness to BMW is \$12,324,311.37. Between the Debtor's and BMW's appraisals, the average total value of the real property to be auctioned in full and complete satisfaction of the La Bota and Rock Tech indebtedness to BMW is \$14,840,009.97. The indebtedness arising from the Commercial Guaranty is addressed in Class 5 below. Class 4 is impaired.**

Class 5 – Secured Claim of Bank Midwest, N.A. against Rock Tech. BMW, the only holder of a Class 5 claim, shall be satisfied pursuant to the property transfer described in Class 4 above.

The Commercial Guaranty between BMW and La Bota associated with the Working Capital Loan shall be extinguished when Rock Tech's indebtedness is satisfied pursuant to the above described property transfer, and all liens on any collateral shall be released. Class 5 is impaired.

D. Class 6 – Secured Claim of First National Bank against La Bota. FNB, the only holder of a Class 6 claim, shall be paid with deferred cash payments as detailed below. As of the Petition Date, Class 6 claims totaled \$1,600,000.00. FNB filed two proof of claims claiming La Bota's indebtedness is \$1,629,564.69. The Allowed Secured Claim of FNB against La Bota shall be converted into a single note with the principal balance of \$1,629,564.69 (the "**FNB Note**"). The FNB Note shall be amortized over a thirty (30) year period with an annual interest rate of four percent (4%). The FNB Note shall be payable in monthly installments of principal and interest with a fifteen (15) year balloon payment. La Bota shall make monthly principal and interest payments in the amount of \$7,500.00 until the debt is entirely extinguished or until the FNB Note matures. La Bota anticipates that the amount due on the FNB Note at maturity will be approximately \$1,054,000.00.

To secure the FNB Note, FNB shall be granted a first lien on Tract C. Tract C has an appraised valuation of \$1,900,000.00 as appraised by La Bota's appraiser and an appraised valuation of \$1,750,000.00 as appraised by BMW's appraiser.

Unless specifically allowed or granted in the First Amended Joint Plan, any and all liens held by FNB over any of La Bota's real or personal property, including the Single Family Lots

and Tract L, shall be released upon confirmation of this Plan.

E. Class 7 – Secured Claim of A Discount Mini Storage II, Ltd. against La Bota. DMS, the only holder of a Class 7 claim.. As of the Petition Date, Class 7 claims totaled \$118,000.00. DMS filed a proof of claim claiming La Bota's indebtedness is \$118,661.46. La Bota shall reaffirm the existing indebtedness to DMS. La Bota shall continue monthly payments to DMS per the terms of the 120k Note. During the course of the bankruptcy there were nine monthly payments of \$1,041.39 each that were not paid to DMS. These missed payments resulted in \$3,320.00 in reasonable attorneys fees for DMS. Within ten (10) days of the Effective Date, La Bota shall pay \$12,692.51 in readily available funds to DMS.

DMS shall retain all of its liens on 12835 E. Fwy. 12835 E. Fwy is currently encumbered by a first lien held by DMS. 12835 E. Fwy, Houston, TX, 77015 consists of approximately 1.28 acres of land together with improvements. The improvements are generally described as approximately 37,000.00 square feet of net rentable self storage space. The Harris County tax ad valorem appraised value is \$1,246,000.00. The retail fair market valuation is \$1,400,000.00.

F. Class 9 – La Bota's Allowed Claims of General Unsecured Creditors. Holders of a Class 9 La Bota's Allowed General Unsecured Claims shall be paid in full by monthly payments over the course of sixty (60) months. The interest rate shall be zero. It is anticipated that if all claims are allowed, the total payment to La Bota's Allowed General Unsecured Claims will be approximately \$1,000.00 per month. Class 9 is impaired.

H. Class 10 – Rock Tech's Allowed Claims of General Unsecured Creditors. Holders of a Class 10 Rock Tech's Allowed General Unsecured Claims shall be paid monthly payments over the course of sixty (60) months. The interest rate shall be zero. It is anticipated

that if all claims are allowed, total payment to Rock Tech's Allowed General Unsecured Claims will be less than \$1,500.00 per month. Class 10 is impaired.

**I. Class 11 – La Bota Equity Interest.** The equity interest owners will retain their equity in La Bota, but will not take dividends until all Class 1, 3, 4, 6, 7, 8 and 9 claims are paid in full.

**J. Class 12 – Rock Tech Equity Interest.** The equity interest owners will retain their equity in Rock Tech, but will not take dividends until all Class 2, 5 and 10 claims are paid in full.

Other than as amended and supplemented above, the Disclosure Statement remains as originally filed.

Signed this 9<sup>th</sup> day of June, 2011.

Respectfully submitted,

**LA BOTA DEVELOPMENT COMPANY, INC.**

By: /s/ Albert F. Muller III  
Albert F. Muller III, President

**LAREDO ROCK TECH SAND & GRAVEL, LP**

By: /s/ Albert F. Muller III  
Albert F. Muller III, Sole Managing  
Member of Mariposa Group, LLC, a Texas  
Limited Liability Company, being the Sole  
General Partner of Laredo Rock Tech Sand  
& Gravel, LP.



**APPROVED:**

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